

# FOUNDATION FIGHTING BLINDNESS

## FOUNDATION FIGHTING BLINDNESS, INC. AND AFFILIATES

### Consolidated Financial Statements and Supplementary Information

*For the Years Ended June 30, 2023 and 2022*



and  
Report Thereon



**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

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**For the Years Ended June 30, 2023 and 2022**

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## Independent Auditor's Report

Board of Directors  
Foundation Fighting Blindness, Inc.

### Opinion

We have audited the consolidated financial statements of Foundation Fighting Blindness, Inc. and Affiliates (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, the related consolidated statements of activities, functional expenses, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable).

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*RSM US LLP*

Baltimore, Maryland  
October 26, 2023

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidated Statement of Financial Position June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,478,524	\$ -	\$ 5,478,524
Investments (Notes 2 and 11)	78,458,944	55,547,127	134,006,071
Notes receivable	1,965,012	-	1,965,012
Pledges receivable, less allowance and discounts (2023—\$1,139,307) (Notes 3 and 7)	1,005,105	18,458,624	19,463,729
Prepaid expenses and other assets	1,339,163	21,057	1,360,220
Beneficial interests in remainder trusts (Notes 4 and 11)	-	7,180,648	7,180,648
Charitable gift annuity investments and reserves (Note 4)	831,012	-	831,012
Property, plant and equipment, net (Note 5)	671,000	-	671,000
<b>Total assets</b>	<b>\$ 89,748,760</b>	<b>\$ 81,207,456</b>	<b>\$ 170,956,216</b>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 2,053,585	\$ 6,397	\$ 2,059,982
Grants payable	20,414,511	-	20,414,511
Deferred revenue	442,676	-	442,676
Charitable gift annuity obligation (Note 11)	580,618	-	580,618
<b>Total liabilities</b>	<b>23,491,390</b>	<b>6,397</b>	<b>23,497,787</b>
Commitments (Notes 2, 6 and 10)			
<b>Net assets</b>			
Net assets without donor restrictions:			
Internally designated for reserves	7,996,000	-	7,996,000
Internally designated for research	53,943,618	-	53,943,618
Internally designated for RD Fund	3,646,752	-	3,646,752
Represented by fixed assets	671,000	-	671,000
<b>Total net assets without donor restrictions</b>	<b>66,257,370</b>	<b>-</b>	<b>66,257,370</b>
Net assets with donor restrictions (Note 8)	-	60,011,034	60,011,034
Net assets with donor restrictions—RD fund (Note 8)	-	17,156,837	17,156,837
Net assets with donor restrictions—endowments (Note 8)	-	4,033,188	4,033,188
<b>Total net assets with donor restrictions (Notes 5, 8 and 12)</b>	<b>-</b>	<b>81,201,059</b>	<b>81,201,059</b>
<b>Total net assets</b>	<b>66,257,370</b>	<b>81,201,059</b>	<b>147,458,429</b>
<b>Total liabilities and net assets</b>	<b>\$ 89,748,760</b>	<b>\$ 81,207,456</b>	<b>\$ 170,956,216</b>

See notes to consolidated financial statements.

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidated Statement of Financial Position June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 6,023,555	\$ -	\$ 6,023,555
Investments (Notes 2 and 11)	77,866,799	66,137,303	144,004,102
Notes receivable	-	-	-
Pledges receivable, less allowance and discounts (2022—\$1,650,148) (Notes 3 and 7)	1,909,449	21,107,157	23,016,606
Prepaid expenses and other assets	1,254,166	20,923	1,275,089
Beneficial interests in remainder trusts (Notes 4 and 11)	-	6,742,274	6,742,274
Charitable gift annuity investments and reserves (Note 4)	854,446	-	854,446
Property, plant and equipment, net (Note 5)	812,900	-	812,900
Total assets	<u>\$ 88,721,315</u>	<u>\$ 94,007,657</u>	<u>\$ 182,728,972</u>
<b>Liabilities and Net Assets</b>			
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 2,095,482	\$ 7,457	\$ 2,102,939
Grants payable	15,215,025	-	15,215,025
Deferred revenue	210,498	-	210,498
Deferred rent and construction allowance (Note 6)	4,370	-	4,370
Paycheck Protection Program promissory note (Note 6)	-	-	-
Charitable gift annuity obligation (Note 11)	607,421	-	607,421
Total liabilities	<u>18,132,796</u>	<u>7,457</u>	<u>18,140,253</u>
<b>Commitments (Notes 2, 6 and 10)</b>			
<b>Net assets</b>			
Net assets without donor restrictions:			
Controlling interest:			
Internally designated for reserves	7,497,000	-	7,497,000
Internally designated for research	48,575,889	-	48,575,889
Internally designated for RD Fund	15,599,179	-	15,599,179
Represented by fixed assets	723,640	-	723,640
Opus Genetics	(3,532,432)	-	(3,532,432)
Total controlling interest	<u>68,863,276</u>	<u>-</u>	<u>68,863,276</u>
Noncontrolling interest - Opus Genetics	1,725,243	-	1,725,243
Total net assets without donor restrictions	<u>70,588,519</u>	<u>-</u>	<u>70,588,519</u>
Net assets with donor restrictions (Note 8)	-	63,838,408	63,838,408
Net assets with donor restrictions—RD fund (Note 8)	-	26,527,174	26,527,174
Net assets with donor restrictions—endowments (Note 8)	-	3,634,618	3,634,618
Total net assets with donor restrictions (Notes 5, 8 and 12)	<u>-</u>	<u>94,000,200</u>	<u>94,000,200</u>
Total net assets	<u>70,588,519</u>	<u>94,000,200</u>	<u>164,588,719</u>
Total liabilities and net assets	<u>\$ 88,721,315</u>	<u>\$ 94,007,657</u>	<u>\$ 182,728,972</u>

See notes to consolidated financial statements.

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidated Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Public support: (Note 7)			
Contributions from individuals, corporations and foundations	\$ 6,058,147	\$ 13,607,181	\$ 19,665,328
Special event revenue	604,856	-	604,856
Special event contributed goods and services	314,406	-	314,406
Special event contributions	6,447,122	195,961	6,643,083
Less special event direct benefit costs	(1,280,840)	-	(1,280,840)
<b>Special events, net</b>	<b>6,085,544</b>	<b>195,961</b>	<b>6,281,505</b>
Planned giving	1,133,921	439,568	1,573,489
Allocated by federated fundraising organizations	148,342	1,824	150,166
Contributed goods and services	57,314	-	57,314
<b>Total public support</b>	<b>13,483,268</b>	<b>14,244,534</b>	<b>27,727,802</b>
Other revenue (loss):			
Program service fees	62,130	-	62,130
Investment (loss) income, net (Note 2)	(11,237,477)	398,570	(10,838,907)
Contract revenue	395,548	-	395,548
Research patent revenue	63,569	-	63,569
Other income	29,953	-	29,953
Employee retention tax credit	469,439	-	469,439
Gain on deconsolidation of Opus Genetics	8,076,659	-	8,076,659
Net assets released from restrictions:			
Satisfaction of time and program restrictions (Note 8)	27,442,245	(27,442,245)	-
<b>Total revenue and support</b>	<b>38,785,334</b>	<b>(12,799,141)</b>	<b>25,986,193</b>
Expenses:			
Program services:			
Research	32,721,507	-	32,721,507
Public health education	2,782,317	-	2,782,317
<b>Total program services</b>	<b>35,503,824</b>	<b>-</b>	<b>35,503,824</b>
Supporting services:			
Management and general	2,911,567	-	2,911,567
Fundraising	7,026,717	-	7,026,717
<b>Total supporting services</b>	<b>9,938,284</b>	<b>-</b>	<b>9,938,284</b>
<b>Total expenses</b>	<b>45,442,108</b>	<b>-</b>	<b>45,442,108</b>
<b>Change in net assets</b>	<b>\$ (6,656,774)</b>	<b>\$ (12,799,141)</b>	<b>\$ (19,455,915)</b>

See notes to consolidated financial statements.

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidated Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and support:</b>			
Public support: (Note 7)			
Contributions from individuals, corporations and foundations	\$ 5,942,465	\$ 25,846,041	\$ 31,788,506
Special event revenue	349,599	-	349,599
Special event contributed goods and services	316,396	-	316,396
Special event contributions	5,765,297	263,995	6,029,292
Less special event direct benefit costs	(1,212,418)	-	(1,212,418)
Special events, net	5,218,874	263,995	5,482,869
Planned giving	1,386,379	(1,073,114)	313,265
Allocated by federated fundraising organizations	162,861	850	163,711
Contributed goods and services	147,274	-	147,274
Total public support	12,857,853	25,037,772	37,895,625
Other revenue (loss):			
Program service fees	136,772	-	136,772
Investment loss, net (Note 2)	(4,808,783)	(565,904)	(5,374,687)
Contract revenue (loss)	458,655	(1,840)	456,815
Research patent revenue	267,813	-	267,813
Other income	787,698	-	787,698
Forgiveness of Paycheck Protection Program promissory note (Note 6)	1,106,609	-	1,106,609
Net assets released from restrictions:			
Satisfaction of time and program restrictions (Note 8)	32,584,295	(32,584,295)	-
Total revenue and support	43,390,912	(8,114,267)	35,276,645
<b>Expenses:</b>			
Program services:			
Research	27,387,637	-	27,387,637
Public health education	2,699,288	-	2,699,288
Total program services	30,086,925	-	30,086,925
Supporting services:			
Management and general	3,075,188	-	3,075,188
Fundraising	7,079,147	-	7,079,147
Total supporting services	10,154,335	-	10,154,335
Total expenses	40,241,260	-	40,241,260
Change in net assets	\$ 3,149,652	\$ (8,114,267)	\$ (4,964,615)

See notes to consolidated financial statements.



Foundation Fighting Blindness, Inc. and Affiliates

Consolidated Statement of Functional Expenses  
Year Ended June 30, 2023

	Program Services				Supporting Services					Total
	Research	Research - Opus	Public Health Education	Total Program Services	Management and General	Management and General - Opus	Fundraising	Total Supporting Services		
Salaries	\$ 2,478,133	\$ 1,713,853	\$ 957,445	\$ 5,149,431	\$ 1,254,590	\$ -	\$ 3,363,168	\$ 4,617,758	\$ 9,767,189	
Employee benefits	325,417	94,557	169,187	589,161	156,010	-	541,870	697,880	1,287,041	
Payroll taxes	154,155	109,112	72,651	335,918	84,054	-	243,102	327,156	663,074	
<b>Total salaries and related expenses</b>	<b>2,957,705</b>	<b>1,917,522</b>	<b>1,199,283</b>	<b>6,074,510</b>	<b>1,494,654</b>	<b>-</b>	<b>4,148,140</b>	<b>5,642,794</b>	<b>11,717,304</b>	
Professional fees	754,881	2,654,441	780,575	4,189,897	405,670	157,124	906,248	1,469,042	5,658,939	
Printing and production	59,588	-	281,141	340,729	30,348	-	570,127	600,475	941,204	
Travel	115,725	42,594	88,668	246,987	80,024	-	176,067	256,091	503,078	
Conferences, meetings and events	470,890	20,033	311,737	802,660	286,471	-	385,718	672,189	1,474,849	
Occupancy	39,102	311,619	13,261	363,982	65,737	-	49,153	114,890	478,872	
Telecommunications	30,736	-	26,240	56,976	26,224	-	69,062	95,286	152,262	
Supplies	34,941	79,635	14,288	128,864	141,573	-	399,391	540,964	669,828	
Insurance	77,875	13,843	33,295	125,013	21,934	-	74,287	96,221	221,234	
Depreciation and amortization	84,294	35,656	3,189	123,139	2,723	-	21,855	24,578	147,717	
Postage	2,044	1,329	30,640	34,013	16,622	-	116,838	133,460	167,473	
Bank charges, service fees and other	2,240	-	-	2,240	157,217	25,246	109,831	292,294	294,534	
<b>Total expenses before grants and clinical trial related costs</b>	<b>4,630,021</b>	<b>5,076,672</b>	<b>2,782,317</b>	<b>12,489,010</b>	<b>2,729,197</b>	<b>182,370</b>	<b>7,026,717</b>	<b>9,938,284</b>	<b>22,427,294</b>	
Grants and clinical trial related costs	20,000,416	-	-	20,000,416	-	-	-	-	20,000,416	
Cost of goods sold	-	3,014,398	-	3,014,398	-	-	-	-	3,014,398	
<b>Total expenses</b>	<b>\$ 24,630,437</b>	<b>\$ 8,091,070</b>	<b>\$ 2,782,317</b>	<b>\$ 35,503,824</b>	<b>\$ 2,729,197</b>	<b>\$ 182,370</b>	<b>\$ 7,026,717</b>	<b>\$ 9,938,284</b>	<b>45,442,108</b>	
Special event direct benefit costs									<u>1,280,840</u>	
<b>Total expenses and special event direct benefit costs</b>									<u>\$ 46,722,948</u>	

See notes to consolidated financial statements.

**Foundation Fighting Blindness, Inc. and Affiliates**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022**

	Program Services				Supporting Services					Total
	Research	Research - Opus	Public Health Education	Total Program Services	Management and General	Management and General - Opus	Fundraising	Total Supporting Services		
Salaries	\$ 2,172,131	\$ 738,846	\$ 867,992	\$ 3,778,969	\$ 1,221,602	\$ -	\$ 3,061,260	\$ 4,282,862	\$ 8,061,831	
Employee benefits	253,270	32,009	152,917	438,196	147,368	-	529,069	676,437	1,114,633	
Payroll taxes	123,131	56,186	67,366	246,683	81,150	-	226,444	307,594	554,277	
Total salaries and related expenses	2,548,532	827,041	1,088,275	4,463,848	1,450,120	-	3,816,773	5,266,893	9,730,741	
Professional fees	1,155,219	3,638,194	466,843	5,260,256	466,668	396,137	1,217,054	2,079,859	7,340,115	
Printing and production	13,484	-	269,704	283,188	27,352	-	602,239	629,591	912,779	
Travel	61,686	22,205	67,536	151,427	50,156	-	125,805	175,961	327,388	
Conferences, meetings and events	227,860	29,785	676,531	934,176	241,765	-	307,023	548,788	1,482,964	
Occupancy	37,418	84,988	13,505	135,911	64,893	-	215,539	280,432	416,343	
Telecommunications	27,456	-	28,086	55,542	31,909	-	91,222	123,131	178,673	
Supplies	31,254	82,626	10,026	123,906	116,697	-	279,977	396,674	520,580	
Insurance	102,651	17,335	34,636	154,622	28,732	-	68,730	97,462	252,084	
Depreciation and amortization	104,235	-	15,498	119,733	12,842	-	93,034	105,876	225,609	
Postage	2,342	313	28,558	31,213	15,390	-	157,699	173,089	204,302	
Bank charges, service fees and other	37,894	-	90	37,984	163,699	8,828	104,052	276,579	314,563	
Total expenses before grants and clinical trial related costs	4,350,031	4,702,487	2,699,288	11,751,806	2,670,223	404,965	7,079,147	10,154,335	21,906,141	
Grants and clinical trial related costs	17,343,589	-	-	17,343,589	-	-	-	-	17,343,589	
Cost of goods sold	-	991,530	-	991,530	-	-	-	-	991,530	
Total expenses	\$ 21,693,620	\$ 5,694,017	\$ 2,699,288	\$ 30,086,925	\$ 2,670,223	\$ 404,965	\$ 7,079,147	\$ 10,154,335	40,241,260	
Special event direct benefit costs									1,212,418	
Total expenses and special event direct benefit costs									\$ 41,453,678	

See notes to consolidated financial statements.

**Foundation Fighting Blindness, Inc. and Affiliates**

**Consolidated Statements of Changes in Net Assets  
Years Ended June 30, 2023 and 2022**

	Without Donor Restrictions			With Donor Restrictions	Total
	Attributable to the Organization	Attributable to noncontrolling interest	Total		
Net assets as of June 30, 2021	\$ 62,979,296	\$ -	\$ 62,979,296	\$ 102,114,467	\$ 165,093,763
Change in net assets	5,883,980	(2,734,328)	3,149,652	(8,114,267)	(4,964,615)
Issuance of common and preferred stock by Opus	-	4,459,571	4,459,571	-	4,459,571
Net assets as of June 30, 2022	68,863,276	1,725,243	70,588,519	94,000,200	164,588,719
Change in net assets	(2,605,906)	(4,050,868)	(6,656,774)	(12,799,141)	(19,455,915)
Issuance of common and preferred stock by Opus	-	4,500,000	4,500,000	-	4,500,000
Deconsolidation of Opus	-	(2,174,375)	(2,174,375)	-	(2,174,375)
<b>Net assets as of June 30, 2023</b>	<b>\$ 66,257,370</b>	<b>\$ -</b>	<b>\$ 66,257,370</b>	<b>\$ 81,201,059</b>	<b>\$ 147,458,429</b>

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidated Statements of Cash Flows Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (19,455,915)	\$ (4,964,615)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss on investments	7,761,176	8,865,260
Loss on equity method investment	6,348,990	44,052
Change in aggregate discount and allowance for doubtful pledges receivable	(510,840)	1,252,251
Change in value of split-interest agreements	(438,374)	1,073,802
Depreciation and amortization	147,717	225,609
Forgiveness of Paycheck Protection Program promissory note	-	(1,106,609)
Gain on deconsolidation of Opus	(8,076,659)	-
Deconsolidation of Opus	4,096,068	-
Changes in assets and liabilities:		
Decrease (increase) in:		
Pledges receivable	4,063,717	(10,595,705)
Prepaid expenses and other assets	(156,721)	1,568,319
Increase (decrease) in:		
Accounts payable and accrued expenses	667,644	284,437
Grants payable	5,199,486	3,486,979
Deferred revenue	232,178	(55,183)
Deferred rent	-	(8,115)
<b>Net cash (used in) provided by operating activities</b>	<b>(121,533)</b>	<b>70,482</b>
Cash flows from investing activities:		
Purchase of investments	(83,939,729)	(147,952,175)
Proceeds from sales or maturities of investments	85,725,508	128,204,201
Advances on note receivable	(1,965,012)	-
Termination of split-interest agreement assets	4,806	9,857
Proceeds from sales of split-interest agreement assets	79,014	81,824
Purchase of property, plant and equipment	(344,466)	(89,261)
Cash transfer of deconsolidation of Opus	(4,396,430)	-
<b>Net cash used in investing activities</b>	<b>(4,836,309)</b>	<b>(19,745,554)</b>
Cash flows from financing activities:		
Liability related to charitable gift annuity	2,862	28,744
Payments to charitable gift annuity beneficiaries	(85,477)	(87,425)
Termination of charitable gift annuity	(4,574)	(9,874)
Issuance of common and preferred stock to noncontrolling interest	4,500,000	4,459,571
<b>Net cash provided by financing activities</b>	<b>4,412,811</b>	<b>4,391,016</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(545,031)</b>	<b>(15,284,056)</b>
Cash and cash equivalents:		
Beginning of period	6,023,555	21,307,611
End of period	\$ 5,478,524	\$ 6,023,555
Supplemental schedules of noncash investing and financing activities:		
Conversion of note receivable to equity investment	\$ -	\$ 1,000,000
Forgiveness of Paycheck Protection Program promissory note	\$ -	\$ 1,106,609
Deconsolidation of Opus		
Prepaid expenses and other assets	\$ 71,590	\$ -
Plant, property and equipment, net	338,649	-
Accounts payable and accrued expenses	(710,601)	-
Net equity transferred on deconsolidation of Opus	\$ (300,362)	\$ -

See notes to consolidated financial statements.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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1. Organization and Summary of Significant Accounting Policies

**Organization**

Foundation Fighting Blindness, Inc. (the Foundation) is a national eye research foundation that raises money to fund translational and clinical research at prominent institutions in the United States of America and worldwide for the discovery of treatments, preventative methods and cures for retinal degenerative eye diseases, which include forms of retinitis pigmentosa, macular degeneration and Usher syndrome. The Foundation also serves as a source of information for professionals and affected families. Its principal programs include:

- Research – The Foundation funds a diverse portfolio of research projects in such areas as genetics and gene therapy, cell therapy and pharmaceuticals at prominent institutions, laboratories, companies, hospitals and universities nationwide and around the world.

As a result of the successful Gordon and Llura Gund Family Challenge and the Victory for Vision Campaign, the Foundation has a strong financial base to support the work that will determine the efficacy and safety of new therapies. The Foundation's Research Oversight Committee (ROC) evaluates the potential of current research into retinal degenerative diseases and related science in novel medical therapies, gene therapy, cell and molecular mechanisms, genetics, clinical retinal function and structure, and regenerative medicine. This committee of expert scientists formulated a strategic plan for the allocation of the Foundation's research funding from its existing assets and future fundraising. That plan calls for the Foundation's investment of approximately \$21 million per year for translational and proof of concept research (the preclinical investigative work that can lead to Food and Drug Administration (FDA) approved clinical trials and ultimately, FDA approved new treatments) in addition to the Foundation's RD Fund investments in companies performing translational and clinical research and the Foundation's public health educational activity expenditures.

Continued

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Organization (continued)**

Translational research is the preclinical work that “translates” laboratory discoveries to establish the potential benefit of a new therapy to patients. This research bridges “bench to bedside” and includes the full gamut of preclinical work that has to be accomplished successfully before testing in humans will be approved by the FDA. If this translational work is successful, human studies must then be done to demonstrate safety and then proof of concept (i.e., treatment efficacy) in humans. It is estimated that such preclinical work can cost in excess of \$2 million per project. For orphan or small market diseases, including retinal diseases, the financial risk of attempting to discover and bring new treatments to market must be reduced before venture capitalists and then biotechnology and pharmaceutical companies are willing to invest. The costs of conducting the FDA-approved clinical trials can only be met by such companies, as the cost of these trials far exceed even the costs of the preclinical work.

- Chatlos Public Health Education Program – The Foundation publishes a variety of print and online publications that provide information to the public about causes, treatments, cures and preventative methods for retinal degenerative diseases. The Foundation also hosts virtual and regional seminars focused on educating the public about retinal degenerative diseases and provides information relative to lifestyle issues and understanding of retinal diseases.

The Foundation’s national headquarters is located in Maryland with more than 40 volunteer-led chapters across the United States dedicated to raising funds, increasing public awareness and providing support to their communities.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Organization (continued)**

The Foundation's affiliates are as follows:

Foundation Fighting Blindness Retinal Degeneration Fund (The RD Fund), a supporting organization, of which the Foundation is the sole member, supports late preclinical studies, clinical projects and early-stage clinical trials for retinal degenerative diseases.

Opus Genetics, Inc. (Opus Genetics), a for-profit company backed by the Foundation and the RD Fund, whereby the Foundation and the RD Fund held a combined ownership of over 50% until December 31, 2022. Opus Genetics is a patient-focused gene therapy company focused on orphan inherited retinal diseases. On December 31, 2022, additional investments from third parties reduced the combined ownership by the Foundation and the RD Fund to below 50%. At June 30, 2023, the combined ownership is 43.28% and is accounted for under the equity method.

The following is a condensed statement of financial position for Opus Genetics as of December 31, 2022:

Assets:

Cash and cash equivalents	\$ 4,396,430
Prepaid expenses and other assets	71,590
Property, plant and equipment, net	338,649
Total assets	<u>\$ 4,806,669</u>

Liabilities and Net Assets:

Liabilities:

Accounts payable and accrued expenses	\$ 710,601
Total liabilities	<u>710,601</u>
Net assets	4,096,068
Total liabilities and net assets	<u>\$ 4,806,669</u>

Continued

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Organization (continued)**

Macular Degeneration International, Inc. (MDI), an affiliated organization, is a nonprofit corporation organized under the laws of the state of Illinois.

National Retinitis Pigmentosa Foundation, Inc. (NRPF), an affiliated organization, is a nonprofit corporation organized under the laws of the state of Maryland.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Foundation and the RD Fund for the full year and the accounts of Opus Genetics for the period required to be under consolidation of July 1, 2022 through December 31, 2022 (collectively referred to as the Organization). All significant intercompany balances and transactions between entities have been eliminated in consolidation. There was no financial activity for MDI and NRPF for the years ended June 30, 2023 and 2022.

**Classification of Net Assets**

The Organization's consolidated financial statements report amounts separately by net asset class:

***Net Assets Without Donor Restrictions*** – Net assets without donor restrictions represent revenues mainly derived from receiving contributions neither purpose nor time restricted by donor-imposed stipulations, less expenses incurred for public health education, research, including grants and trial related costs, raising contributions, and management support. These amounts are available for board designated purposes as follows:



**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Classification of Net Assets (continued)**

Operating Reserve – Funds internally-designated by the Board of Directors representing approximately six months of operating expenses, exclusive of grants and clinical trial costs.

Research Opportunities – Funds internally-designated not otherwise needed for operating reserves or related to fixed assets. The purpose of the fund is to support a multi-year research plan as monitored by the ROC of the Board of Directors. The current plan projects an average research expense of \$21 million through fiscal year 2024 (not including RD Fund investments and public health educational activity expenditures), funded with existing restricted research funds, new fundraising results and the unrestricted Board designated – Research Opportunities Fund.

RD Fund – Funds internally-designated by the Board of Directors to support the projects of the RD Fund.

Fixed Assets – Funds invested in fixed assets.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

***Net Assets With Donor Restrictions*** – Net assets with donor restrictions represent resources from contributions and other inflows of assets subject to donor-imposed stipulations. Some donor-imposed restrictions are temporary in nature that either expire with the passage of time or can be fulfilled and removed by the Organization's actions pursuant to those restrictions. Those contributions restricted to the research program are incorporated into the ROC five-year research plan. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that resources be maintained in perpetuity.

Unrealized and realized gains and losses and interest and dividends from investing in income-producing assets may be included in any of these net asset classifications depending on donor restrictions.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of amounts held in checking accounts and money market funds not held for investment purposes.

**Investments**

Investments are composed of government mortgage-backed securities, certificates of deposit, equities, other fixed income investments, money market funds and cash held for investment purposes, and RD Fund program related investments.

Investments in government mortgage-backed securities, equities, other fixed income investments, and money market funds and cash held for investment purposes are recorded in the accompanying consolidated statements of financial position at fair value. Fair value is the price that

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Investments (continued)**

would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date.

The certificates of deposit have original maturities of greater than three months. The certificates of deposit are recorded in the accompanying consolidated financial statements at amortized cost as of June 30<sup>th</sup> which approximates fair value. In accordance with guidance from the American Institute of Certified Public Accountants, management has determined that the certificates of deposit are not within the scope of the fair value measurements and disclosure topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC).

Program related investments represent equity investments in for-profit entities that facilitate activities supported by the Organization. Program related investments are approved by the RD Fund Board of Directors and the Foundation's Board of Directors. The RD Fund uses the equity or cost methods of accounting for its program related investments depending on ownership percentage and whether significant influence can be asserted or not. The Organization uses cost method for certain nonmarketable equity securities because the fair value of cost-method investments is not readily determinable, and management has determined that the cost approximates fair value. The cost of program related investments accounted for under the equity method as of June 30, 2023 and 2022, was \$6,081,910 and \$413,088, respectively. The cost of program related investments accounted for under the cost method at June 30, 2023 and 2022, was \$31,698,168 and \$31,692,484, respectively. There was no allowance for these investments recorded as of June 30, 2023 and 2022.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Investments in Opus Genetics and Lookout Therapeutics, Inc.**

The Organization is accounting for its investment in Opus Genetics, a 43.28% owned affiliate, and its investment in Lookout Therapeutics, Inc. (Lookout), a 50.00% owned affiliate, by the equity method of accounting under which the Organization's shares of the net income (loss) of the affiliates are recognized as income in the Organization's income statement and added to the investment account, and dividends received from the affiliates are treated as a reduction of the investment account.

The fiscal year of each of the affiliates ends on December 31, and the Organization consistently follows the practice of recognizing the net income (loss) of the affiliate on that basis. Therefore, the net income (loss) of the affiliate, which is reported on the Organization's consolidated statement of activities, is for the affiliates' year that ended on the previous December 31, less the activity between January 1 through June 30 that related to the Organization's previous fiscal year and plus the six months of activity between January 1 and June 30 of the Organization's current fiscal year.

**Notes Receivable**

The notes receivable represents convertible promissory notes to unrelated entities, principally for investment, \$750,000 of which is set to mature in January 2026 and \$1,215,012 of which is set to mature in November 2023. The notes are recorded at cost of \$1,965,012 and \$0 as of June 30, 2023 and 2022, respectively. The interest rate on the notes range from 8.00% to 8.50%. Interest accrues annually and is payable upon maturity. In August 2023, the note receivable of \$1,215,012 was converted into equity.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Financial Risk**

Investments, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level associated with the Organization's investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position.

**Property, Plant and Equipment**

All property, plant and equipment is carried at cost and is depreciated or amortized on a straight-line basis over the following useful lives:

Research facility	11-23 years
Furniture and equipment	3-5 years
Leasehold improvements	Shorter of 3-10 years or lease term

Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs are expensed when incurred.

**Valuation of Long-Lived Assets**

The Organization requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Grants**

The Organization generally awards grants on an annual or milestone basis. Grants are expensed in the year in which the grant commitment is made to the grantee or the milestone has commenced when both barriers and a right of return are not present. Grants for renewal years are contingent upon satisfactory progress toward, or completion of, the grant's purpose, as well as funding availability.

As a result, renewal years are conditional and not recorded until the year in which the grant renewal commitment is made to the grantee. As of June 30, 2023 and 2022, all grants payable were due within one year.

**Revenue Recognition**

**Support and revenue – contributions:** Unconditional contributions received, including grants and contracts deemed to be non-exchange transactions, are recorded as an increase in the appropriate net asset category. All contributions are considered available for unrestricted use, unless specifically restricted by the donor. Conditional contributions are those contributions that contain donor-imposed rights of refund/return and barriers (performance obligations and/or controlling stipulations). Conditional contributions are recognized into revenue when conditions are satisfied and then follow the above policies for unconditional contributions. Conditional contributions received in advance of satisfying conditions are recorded as deferred revenue.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

Contributions that are restricted by the donor for a specific time or purpose are reported as net assets with donor restrictions, based on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. Bequests are recognized at the time an unassailable right to the gift has been established and the proceeds are measurable.

Unconditional promises to give (pledges) that are expected to be collected within one year are recorded at their net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate of 4.30% and 3.00% for the years ended June 30, 2023 and 2022, respectively. Amortization of the discount is included in contribution revenue in the accompanying consolidated statements of activities. Gross pledges are reduced in the initial year of the pledge by an estimated amount to reflect that the promise may not be completely fulfilled.

Subsequent assessments that pledges will not be collected are reflected as bad debt expenses or losses. Conditional contributions and pledges are not included as revenue until such time as the conditions are substantially met.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Revenue Recognition (continued)**

**Support and revenue – program:** The Organization has entered into contracts and grant agreements with third parties who provide funding to the Organization in exchange for certain deliverables. These agreements are evaluated by the Organization to determine whether they meet criteria of exchange transactions in which commensurate value is received by the Organization and the funder, or they are non-reciprocal transactions. For exchange transactions, the Organization performs an evaluation at contract inception to determine whether performance obligations are satisfied over time or at a point in time. For agreements in which performance obligations are met over time, the related revenue is recognized when the Organization is able to reasonably measure progress toward complete satisfaction of the performance obligation using reliable information. If these criteria are not met, the revenue is recognized at a point in time when performance obligations have been satisfied. Revenue recognition on contracts and grants deemed to be non-reciprocal transactions will follow contribution accounting as described above.

Research patent payments received in advance are deferred until earned and shown as part of deferred revenue in the consolidated statements of financial position.

Special event fees received in advance are included in deferred revenue and are recognized during the year in which the event is held.

**Contributed Goods and Services**

The Organization receives contributed services in support of its mission. Certain contributed services meet the criteria for revenue recognition under generally accepted accounting principles. In-kind contributions received are valued and recorded as support at their fair value at the time the contribution is received. Contributed services and in-kind contributions are reflected on the consolidated statement of activities within the contributed goods and services and special event contributed goods and services lines.



**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Contributed Goods and Services (continued)**

Contributed good and services utilized in programs for the years ended June 30, 2023 and 2022, respectively, are as follows:

Category	Utilization in Programs	Donor Restrictions	Valuation Techniques	2023 Total	2022 Total
Pro Bono Services	Legal Services	No associated donor restrictions	Fair market value provided by firm based on lawyer rate and hours worked	\$ 57,314	\$ 147,274
Fundraising Events	Fundraising Support	No associated donor restrictions	Estimated fair market value based on values for similar items	314,406	316,396
				<u>\$ 371,720</u>	<u>\$ 463,670</u>

**Functional Expenses**

The costs of providing various programs and other activities of the Organization have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs such as occupancy, depreciation and amortization, and insurance expenditures have been allocated among the various programs and supporting services benefited based on salary estimates by department and other relevant factors. While such estimates are not conducive to precise determination, and actual results could differ from these estimates, management believes the resulting allocations are reasonable.

**Fair Value Measurement**

FASB ASC Topic 820, Fair Value Measurement, defines fair value and establishes a framework for measuring fair value for assets and liabilities that are measured at fair value on a recurring basis. In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, the

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Fair Value Measurement (continued)**

Organization has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

*Level 3* – Unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining the fair value measurement.

**Management Estimates and Uncertainties**

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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1. Organization and Summary of Significant Accounting Policies (continued)

**Liquidity and Availability**

The Organization is supported primarily by contributions. As part of the Organization's liquidity management, the Board has designated an operating reserve equal to six months of operating expenses. The operating reserves as of June 30, 2023 and 2022, were \$7,996,000 and \$7,497,000, respectively.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2023 and 2022, are as follows:

	2023	2022
Cash and cash equivalents	\$ 5,478,524	\$ 6,023,555
Investments	78,458,944	77,866,799
Pledges receivable	1,005,105	1,909,449
Total financial assets	84,942,573	85,799,803
 Less:		
Internally designated amounts		
—reserves	(7,996,000)	(7,497,000)
Internally designated amounts		
—research	(53,943,618)	(48,575,889)
Internally designated amounts		
—RD Fund	(3,646,752)	(15,599,179)
Financial assets available to meet cash needs for general expenditures within one year	\$ 19,356,203	\$ 14,127,735

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Income Taxes**

The Internal Revenue Service has ruled that the Foundation, the RD Fund, MDI and NRPF are exempt from the payment of taxes on income, except for unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (the IRC). No provision for income taxes is required for the years ended June 30, 2023 and 2022, as the Organization had no material taxable net unrelated business income.

The Organization performed an evaluation of its uncertainty in income tax for the years ended June 30, 2023 and 2022, and determined that there were no matters that would require recognition in the consolidated financial statements or that may have any effect on its tax-exempt status.

The Organization follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements.

Under this policy, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated the Organization's tax positions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with provisions of this guidance.

Generally, the Organization is no longer subject to income tax examinations for the U.S. federal, state or local tax authorities for years before June 30, 2020.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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1. Organization and Summary of Significant Accounting Policies (continued)

**Accounting Pronouncements Adopted**

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation, and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases. The adoption of this ASU as of July 1, 2022, did not materially impact the consolidated financial statements.

2. Investments

Excess cash balances, operating reserve funds, research opportunity funds, net assets with donor restrictions available for the ROC five-year research plan and net assets with donor restrictions to be held in perpetuity are invested. Investments are managed according to the estimated timing of cash flow needs.

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

2. Investments (continued)

As of June 30, 2023 and 2022, investments consisted of the following:

	2023	2022
Cash and money market funds	\$ 3,113,386	\$ 11,369,807
Government mortgage-backed securities and U.S. Treasury bonds	67,771,000	77,090,135
Corporate bonds	14,951,267	19,548,836
Equity and fixed income exchange traded funds and mutual funds	10,390,340	3,889,752
Investments held at cost	31,698,168	31,692,484
Equity method investments	6,081,910	413,088
Total investments	\$ 134,006,071	\$ 144,004,102

A summary of the return on investments is as follows for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 3,504,882	\$ 3,844,725
Net unrealized and realized loss	(7,761,176)	(8,865,260)
Loss on equity method investments	(6,348,990)	(44,052)
Investment fees	(233,623)	(310,100)
Net investment loss	\$ (10,838,907)	\$ (5,374,687)

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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2. Investments (continued)

The table below summarizes such investments and certain attributes as of June 30, 2023.

Investment		Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Investments at cost (a)	\$ 31,698,168	(a)	None	N/A
Equity method investments (b)	6,081,910	(b)	None	N/A

(a) This category includes investments in various for-profit entities. The Organization provides equity funding for preferred class A shares. There were no dividends received as of June 30, 2023 or 2022. Unfunded commitments as of June 30, 2023, were €1,000,000 for foreign investments and \$2,435,897 for domestic investments. In connection with one of its investments during the year ended June 30, 2021, the Organization exercised warrants in a company and received 250,000 shares of common stock for no additional consideration. The Organization still holds 370,000 warrants in which the value has been included in the cost of the investment as of June 30, 2023. On September 28, 2020, one of these investments was sold to a global ophthalmic company, and the Organization's portion of the initial sale price was \$13,165,853 less fees of \$105,260 and less \$1,565,839 to be held in escrow for 12 months, which nets to \$11,494,753. On October 12, 2021, the Organization received the escrow payment in the amount of \$1,562,515. The Organization recorded a gain of approximately \$10,065,000 as a result of the sale during the year ended June 30, 2021, within investment income on the consolidated statements of activities. Additionally, the sale transaction included potential future revenue of \$9,052,387 in the aggregate associated with the successful achievement of four separate clinical-related milestones. No milestones were achieved for the year ended June 30, 2023. In connection with one of its investments during the year ended June 30, 2022, the Organization elected to convert a promissory note held by an unrelated entity due to a sale of the majority of equity in the entity in December 2021. The note was converted into equity of the

Continued

**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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2. Investments (continued)

new entity in the amount of \$427,057 and cash proceeds of \$1,292,427.

The Organization adjusts the value of these investments when there is an observable price change in an orderly transaction, or indications of impairment of the value of the investments.

- (b) The Organization provides equity funding for preferred shares in two for-profit entities. In December 2022, the Foundation and RD Fund's combined ownership percentage of Opus Genetics fell below 50% due to additional investors and is now being accounted for under the equity method. The gain on deconsolidation of Opus Genetics of \$8,076,059 is included on the consolidated statement of activities for the year ended June 30, 2023. The Organization holds 1,960,952 warrants in which the value has been included in the investment as of June 30, 2023. In June 2023, an independent valuation was performed of the common stock issued by Opus Genetics to determine their fair market value. The valuation methodology used focused on a market approach, rather than a discounted cash flow or asset approach because of the company's start-up status. Assumptions utilized in the related option pricing model to allocate value to each share class included a discount for lack of marketability of 50%, volatility of 90%, a risk-free rate of 4.32% and a weighted time to exit of three years. The Organization determined the fair market value of its common and preferred shares held was less than the carrying value originally recorded and a loss on impairment of approximately \$3,300,000 was recorded at June 30, 2023, and is included within the unrealized loss for Opus Genetics. Unfunded commitments as of June 30, 2023, were \$4,500,000. An unrealized loss of \$6,348,990 and \$44,052 was recognized for the years ended June 30, 2023 and 2022, respectively. The unrealized loss is recorded within investment income (loss) on the consolidated statements of activities.



**FOUNDATION FIGHTING BLINDNESS, INC.  
AND AFFILIATES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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2. Investments (continued)

Condensed financial information of Opus Genetics as of and for the year ended June 30, 2023, is as follows:

	<u>2023</u>
Assets:	
Cash and cash equivalents	\$ 4,396,430
Prepaid expenses and other assets	71,590
Property, plant and equipment, net	<u>338,649</u>
Total assets	<u><u>\$ 4,806,669</u></u>
Liabilities and Net Assets:	
Liabilities:	
Accounts payable and accrued expenses	<u>\$ 710,601</u>
Total liabilities	710,601
Net assets	<u>4,096,068</u>
Total liabilities and net assets	<u><u>\$ 4,806,669</u></u>
Revenue and other income	\$ 24,660
Expenses	<u>6,438,117</u>
Net loss	<u><u>\$ (6,413,457)</u></u>

There were no dividends received from Opus Genetics during the year ending June 30, 2023.

The carrying value of the Organization's investment exceeded its share of the underlying equity in the net assets of Opus Genetics by \$4,790,847 at June 30, 2023.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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2. Investments (continued)

Condensed financial information of Lookout as of and for the years ended June 30, 2023 and 2022, is as follows:

	2023	2022
Assets:		
Cash and cash equivalents	\$ 762,932	\$ 823,785
Total assets	\$ 762,932	\$ 823,785
Liabilities and Net Assets:		
Liabilities:		
Accounts payable and accrued expenses	\$ 257	\$ 2,121
Total liabilities	257	2,121
Net assets	762,675	821,664
Total liabilities and net assets	\$ 762,932	\$ 823,785
Revenue and other income	\$ 2,612	\$ -
Expenses	61,601	88,105
Net loss	\$ (58,989)	\$ (88,105)

There were no dividends received from Lookout during the years ending June 30, 2023 and 2022.

The carrying value of the Organization's investment exceeded its share of the underlying equity in the net assets of Lookout by \$2,256 at June 30, 2023 and 2022.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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3. Pledges Receivable

As of June 30, 2023 and 2022, pledges receivable were expected to be collected as follows:

	2023	2022
Due in less than 1 year	\$ 12,120,418	\$ 10,033,655
Due in 1 to 5 years	8,482,618	14,633,099
	20,603,036	24,666,754
Less discount to present value	(353,777)	(629,601)
Less allowance for doubtful pledges receivable	(785,530)	(1,020,547)
Net pledges receivable	\$ 19,463,729	\$ 23,016,606

The Organization had a conditional promise to give from a donor whereby the donor would contribute amounts for research upon the Organization collecting matching contributions until June 30, 2022. The donor is paying the matching donations dollar for dollar, and the outstanding balance as of June 30, 2023, was \$846,146 included in the pledge receivable balance above. There was no remaining amount of potential matching funds to be recorded as of June 30, 2023.

The Organization has conditional promises to give from donors totaling \$10,670,810 as of June 30, 2023. As such, this amount has not been reported in the accompanying consolidated statement of activities and will be recognized when conditions have been substantially met.

4. Split-Interest Agreements

The Organization's split-interest agreements include a charitable gift annuity program, several charitable remainder unitrusts (CRUTs), a charitable remainder trust (CRAT) and a pooled income fund.

A charitable gift annuity is a contract under which a charity, in return for a transfer of cash, marketable securities or other property, agrees to pay a fixed sum of money for a period measured by one or two lives.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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4. Split-Interest Agreements (continued)

The contributed property, given irrevocably, becomes a part of the Organization's assets, and the payments are a general obligation of the Organization. The Organization is a member of the American Council on Gift Annuities (the Council) and uses the current uniform gift annuity rates suggested and adopted by the Council on January 1, 2012. These uniform gift annuity rates range from 4.9% to 9.7% for ages 60 or greater.

The Organization has fully insured these annuities with highly rated insurance companies to protect its risk. In addition, the Organization has separate reserve accounts held in order to comply with certain state insurance laws. The balance of the separate reserve accounts totaled \$275,941 and \$272,456 at June 30, 2023 and 2022, respectively. The annuities and required reserves are included in charitable gift annuity investments and reserves in the accompanying consolidated statements of financial position. The Organization has also designated additional reserves as protection against potential changes in reinsurance regulations in various states. These reserves are included in investments in the consolidated statements of financial position.

In addition, the Organization has received several CRUTs and a CRAT, collectively referred to as the Trusts. The assets of the Trusts are held in trust by a third-party trustee and represent resources not in the Organization's possession or control. Upon the death of the surviving beneficiary of the Trusts, the remainder of the Trusts' assets will be distributed to the Organization for general use.

The present value of the estimated future cash flows (as measured by the fair value of the underlying assets, net of the estimated liabilities) was recognized as an asset and contribution revenue at the date the Trusts were established. Trusts are revalued annually by calculating the present value of the annuity or expected future distributions using published life expectancy tables. At June 30, 2023 and 2022, the discount rate used was

**FOUNDATION FIGHTING BLINDNESS, INC.  
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4. Split-Interest Agreements (continued)

4.20% and 3.60%, respectively. The assets are included in beneficial interests in remainder trusts in the accompanying consolidated statements of financial position. The value of the Trusts increased (decreased) by \$438,374 and \$(1,073,802) for the years ended June 30, 2023 and 2022, respectively, which is included in planned giving in the accompanying consolidated statements of activities.

The pooled income fund (the Fund) enables donors to pool gifts into one trust. The assets of the Fund are held in trust by a third-party trustee and represent resources not in the possession, but under the control, of the Organization. Upon the death of the surviving beneficiary, the Fund's principal passes to the Organization for general use, unless stipulated for specific purposes by the donor.

The liability for the present value of deferred gifts is based upon actuarial estimates and assumptions regarding the duration of the agreements and rates to discount the liability. At June 30, 2023 and 2022, the discount rate was 2.11% and 2.67%, respectively. The fair values of the Fund's assets, as well as the related obligations to the beneficiaries, are reflected in the consolidated statements of financial position in prepaid expenses and other assets and accounts payable and accrued expenses, respectively.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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5. Property, Plant and Equipment

Property, plant and equipment consist of the following at June 30, 2023 and 2022:

	2023	2022
Research facility	\$ 3,577,430	\$ 3,577,430
Furniture and equipment	1,008,404	1,063,452
Total property, plant, and equipment	4,585,834	4,640,882
Less accumulated depreciation and amortization	(3,914,834)	(3,827,982)
Net property, plant, and equipment	\$ 671,000	\$ 812,900

The Organization leases land from a university on which the Organization has built a research facility. The Organization has an agreement with the university for the university to use the research facility. The agreement results in annual rental income of approximately \$30,000 for the Organization. The agreement, which is subject to the continuation of an existing operating grant or obtaining substitute grant monies, expires on September 30, 2032. Upon termination of the agreement, the research facility and all improvements become the property of the university. Depreciation and amortization expense was \$147,717 and \$225,609 for the years ended June 30, 2023 and 2022, respectively.

6. Commitments and Contingencies

**Paycheck Protection Program Promissory Note**

On April 17, 2020, the Organization applied for and received a loan of \$1,062,123 from Truist Bank, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. Proceeds were used to pay compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments and utility payments. The Organization applied for and received forgiveness

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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6. Commitments and Contingencies (continued)

**Paycheck Protection Program Promissory Note (continued)**

for the entire loan amount on April 29, 2021. The loan is subject to audit by the SBA for a period of six years following forgiveness.

On March 18, 2021, the Organization applied for and received a loan of \$1,093,127 from Truist Bank, pursuant to the PPP under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The interest rate was 1.0% per annum, payable monthly commencing one month after a decision on forgiveness was received or 10 months after the end of the Forgiveness Covered Period if the Organization had not applied for forgiveness of this loan, whichever was earlier. The loan was guaranteed by the SBA and was scheduled to mature on March 18, 2026. There were no application or other fees associated with this loan. Proceeds may be used to pay compensation and benefit costs in order to retain workers and to make mortgage interest payments, lease payments and utility payments. The Organization used the entire loan amount for qualifying expenses. The Organization applied for and received forgiveness for the entire loan amount plus accrued interest of \$1,106,609 on June 6, 2022, and has recognized the total amount of the loan and accrued interest as revenue without donor restrictions in the consolidated statement of activities for the year ended June 30, 2022. The loan is subject to audit by the SBA for a period of six years following forgiveness.

**Employee Retention Tax Credit**

The Employee Retention Tax Credit (ERTC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. Qualified wages cannot include any amounts submitted on the PPP loan forgiveness application. The Organization met eligibility requirements as an employer to receive the tax credit resulting in additional income of \$469,439 recorded on the consolidated statement of activities for the year ended June 30, 2023.

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6. Commitments and Contingencies (continued)

**Line of Credit**

The Organization had a line of credit with a lending institution in the amount of \$3,000,000, with an interest rate equal to the one-month London Interbank Offered Rate (LIBOR) plus 1.9%. The line of credit was available for general Organization purposes and was available through March 1, 2023. At June 30, 2022, the line of credit had no outstanding balance and there were no drawdowns on the line of credit during the fiscal years ended June 30, 2023 and 2022. Any borrowings under the line of credit were subject to certain financial covenants and collateralized by the Organization's equipment and general intangibles. The agreement also included a covenant that the Organization maintains the investment portfolio free of any liens or encumbrances. The line of credit was not renewed.

**Research Grants**

The Foundation has entered into grants with conditional renewal options including milestones. As of June 30, 2023, total conditional research commitments, including milestone contracts, were \$50,020,486, which will be recognized in the consolidated financial statements when the conditions have been substantially met.

**Co-funding Agreements**

The Organization entered into co-funding agreements as a form of programmatic lending with two separate for-profit research companies. Each agreement outlined initial research funding, not to exceed \$7,500,000 to either company, provided by the Organization. As of June 30, 2023, the Organization had paid a total of \$12,250,000, with a potential \$750,000 remaining to be funded. The agreements included repayment terms whereby the Organization could be entitled to payments of up to \$59,500,000 if both companies achieve commercial success in the future. Additionally, if a change in control transaction occurs at either company,



**FOUNDATION FIGHTING BLINDNESS, INC.  
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6. Commitments and Contingencies (continued)

**Co-funding Agreements (continued)**

repayment to the Organization is accelerated. The acceleration of repayment creates an underlying derivative that, as of June 30, 2023, management does not believe has significant value. The funded amounts were recorded as grant expense on the consolidated statements of activities in previous years when the funding occurred. Given the potential for any future repayment was highly uncertain, the receivable balance was insignificant.

7. Concentration of Risk

The Organization maintains its cash and cash equivalents, including those held for investment purposes, with certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. The Organization monitors the creditworthiness of these institutions and has not experienced any losses on such accounts.

Management believes it is not exposed to significant risk on its cash and cash equivalents.

The Organization received approximately 34% and 22% of its total public support from its Board of Directors and national trustees during the years ended June 30, 2023 and 2022, respectively. Approximately 37% and 31% of the Organization's net pledges receivable are from two donors as of June 30, 2023 and 2022, respectively.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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8. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods as of June 30, 2023 and 2022:

	2023	2022
Subject to expenditure for specific purpose:		
Research	\$ 50,111,267	\$ 54,280,086
Research—RD Fund	17,156,837	26,527,174
General operations in future period	8,254,193	7,965,500
Chatlos Public Health Education Program	1,645,574	1,592,822
	77,167,871	90,365,582
Subject to the Foundation’s spending policy and appropriation:		
Investment in perpetuity (including amounts above original gift amount of \$3,255,950) the income from which is expendable to support:		
Research	619,498	558,227
General operations	3,413,690	3,076,391
	4,033,188	3,634,618
Total net assets with donor restrictions	\$ 81,201,059	\$ 94,000,200

Net assets are released from donor restrictions when expenses are incurred to satisfy restricted purposes or by the occurrence of other events, as specified by donors, when future pledges for general operations are due or when endowment net assets are appropriated in accordance with the Organization’s spending policy.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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8. Net Assets With Donor Restrictions (continued)

Purpose restrictions accomplished or time restrictions met were as follows:

	2023	2022
Specific purpose restrictions accomplished:		
Research	\$ 10,603,219	\$ 10,072,676
Research-RD Fund	14,920,273	15,377,685
Chatlos Public Health Education Program	1,217,180	1,112,853
General operations—satisfaction of time restriction	701,573	6,021,081
Total restrictions released	\$ 27,442,245	\$ 32,584,295

9. Thrift Savings Plan

The Organization maintains a thrift savings plan under the provisions of Section 403(b) of the IRC. The plan is available to all full-time, active employees. The Organization may make matching contributions to the plan, not to exceed a set percentage of the participant’s compensation. Participants vest in the contributions made by the Organization over a four-year period. The Organization’s contributions to the plan totaled \$353,386 and \$311,444 for the years ended June 30, 2023 and 2022, respectively.

10. Related Party Transactions

Given the Organization’s singular focus on inherited retinal degenerative diseases and the limited pool of relevant experts to serve as advisors and investigators, there is some overlap in the Organization’s operations and the research supporting the Organization’s mission. The Organization’s policy to mitigate this overlap requires that all grant applications be subject to independent evaluation by appropriate peer reviewers prior to grant commitment. The review and final approval process excludes anyone directly associated with the application, and anyone, including scientific experts, who, in any other way, has a recognizable conflict of interest.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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10. Related Party Transactions (continued)

During the years ended June 30, 2023 and 2022, the Organization committed funds in the amount of \$3,552,180 and \$4,294,021, respectively, to research projects whose principal research investigators also serve as scientific experts.

11. Fair Value Measurement

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2023:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Cash and money market funds	\$ 3,113,386	\$ 3,113,386	\$ -	\$ -
Government mortgage-backed securities and U.S. Treasury bonds	67,771,000	-	67,771,000	-
Corporate bonds	14,951,267	-	14,951,267	-
Equity and fixed income exchange traded funds and mutual funds	10,390,340	10,390,340	-	-
Pooled income fund	21,057	21,057	-	-
Beneficial interests in remainder trusts	7,180,648	-	-	7,180,648
Reserves for charitable gift annuity	831,012	-	831,012	-
Total assets at fair value	<u>104,258,710</u>	<u>\$ 13,524,783</u>	<u>\$ 83,553,279</u>	<u>\$ 7,180,648</u>
Investments at cost	31,698,168			
Equity method investments	<u>6,081,910</u>			
Total assets	<u>\$ 142,038,788</u>			
<b>Liabilities:</b>				
Annuity obligations	\$ 580,618	\$ -	\$ 580,618	\$ -
Total liabilities	<u>\$ 580,618</u>	<u>\$ -</u>	<u>\$ 580,618</u>	<u>\$ -</u>

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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11. Fair Value Measurement (continued)

The following table summarizes the Organization's assets and liabilities measured at fair value on a recurring basis as of June 30, 2022:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets:</b>				
Cash and money market funds	\$ 11,369,807	\$ 11,369,807	\$ -	\$ -
Government mortgage-backed securities and U.S. Treasury bonds	77,090,135	-	77,090,135	-
Corporate bonds	19,548,836	-	19,548,836	-
Equity and fixed income exchange traded funds and mutual funds	3,889,752	3,889,752	-	-
Pooled income fund	20,923	20,923	-	-
Beneficial interests in remainder trusts	6,742,274	-	-	6,742,274
Reserves for charitable gift annuity	854,446	-	854,446	-
Total assets at fair value	119,516,173	\$ 15,280,482	\$ 97,493,417	\$ 6,742,274
Investments at cost	31,692,484			
Equity method investment	413,088			
Total assets	<u>\$ 151,621,745</u>			
<b>Liabilities:</b>				
Annuity obligations	\$ 607,421	\$ -	\$ 607,421	\$ -
Total liabilities	<u>\$ 607,421</u>	<u>\$ -</u>	<u>\$ 607,421</u>	<u>\$ -</u>

Continued

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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11. Fair Value Measurement (continued)

The Organization used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

*Cash and money market funds* – Cash and money market funds include cash deposits in investment accounts, donor restricted cash to be invested and funds held in money market funds. These are priced using independent market prices in the primary trading market and are classified within Level 1 of the valuation hierarchy based on the availability of quotes for identical assets. Reserves for charitable gift annuity include money market funds that are classified as Level 1 of the valuation hierarchy.

*Government mortgage-backed securities and U.S. Treasury notes* – Securities are valued based on yields currently available for comparable securities from issuers with similar credit ratings and are classified within Level 2 of the valuation hierarchy.

*Corporate bonds* – Securities are valued based on yields currently available for comparable securities from issuers with similar credit ratings and are classified within Level 2 of the valuation hierarchy.

*Equity and fixed income exchange traded funds and mutual funds* – Equity and fixed income exchange traded funds and mutual funds are valued at the net asset value of shares at year-end and are based on quoted market prices in active markets. Accordingly, these investments are classified within Level 1 of the valuation hierarchy.

*Pooled income fund* – The pooled income fund consists primarily of fixed-income and equity mutual funds that are valued at the net asset value of shares held by the Organization at year-end and are based on quoted market prices in active markets. Accordingly, these investments are classified within Level 1 of the valuation hierarchy.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
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11. Fair Value Measurement (continued)

*Beneficial interests in remainder trusts* – See Note 4 for the significant assumptions used to estimate the fair value of the Organization’s beneficial interests in remainder trusts, which are classified within Level 3 of the valuation hierarchy.

*Annuity obligations* – See Note 4 for the significant assumptions used to estimate the fair value of the Organization’s annuity obligations, which are classified within Level 2 of the valuation hierarchy.

*Equity method investments* – The impairment of the equity investment in Opus Genetics was determined as described in Note 2 using valuation methodologies that would be classified as Level 3 if included in the fair value table above. However, the Organization will continue to reflect future income or loss on the equity method.

A roll forward of the fair value measurements using unobservable inputs (Level 3) is as follows for the years ended June 30, 2023 and 2022:

	Beneficial Interests in Remainder Trusts
Balance, June 30, 2021	\$ 7,816,076
Change in value of existing split-interest agreements	(1,073,802)
Balance June 30, 2022	6,742,274
Change in value of existing split-interest agreements	438,374
Balance June 30, 2023	\$ 7,180,648

The change in value of split-interest agreements, as well as new split-interest agreements, is included in planned giving in the accompanying consolidated statements of activities and pertains to split-interest agreements held at each respective year-end.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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12. Endowment Funds

The Organization's endowment is composed of two donor-restricted funds, which are shown as net assets with donor restrictions in the accompanying consolidated financial statements. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2023 and 2022, net assets with donor restrictions to be held in perpetuity totaled \$4,033,188 and \$3,634,618, respectively, and the income earned on these net assets was restricted by the donors for research or general operations. Earnings (loss) from the fund totaled \$398,570 and \$(565,904) in 2023 and 2022, respectively. Investment earnings on the endowment fund may be expended for the restricted purpose required in the year earned unless greater than the 7% maximum as allowed by law.

**Interpretation of Relevant Law**

The Board of Directors of the Organization has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established subject to the intent of the donor as expressed in the gift instrument. As a result of this interpretation, the Organization classifies as net assets with donor restrictions: (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of a donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the preservation of the fund, the purposes of the donor-restricted endowment fund and the investment policies of the



**FOUNDATION FIGHTING BLINDNESS, INC.  
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12. Endowment Funds (continued)

Organization in making a determination to appropriate or accumulate donor-restricted endowment funds.

**Return Objectives, Risk Parameters and Strategies Employed**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while protecting the principal balance. The objective of the net assets with donor restrictions to be held in perpetuity is preservation of the long-term, real purchasing power of the assets while providing a relatively predictable and growing stream of distributions. To achieve this objective, the Organization has elected to invest in a series of equity and fixed income index-based exchange traded funds.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The earnings on the net assets with donor restrictions to be held in perpetuity are released from restricted funds and are used in accordance with donor stipulations described in Note 8. From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2023 or 2022.

**FOUNDATION FIGHTING BLINDNESS, INC.  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
For the Years Ended June 30, 2023 and 2022**

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12. Endowment Funds (continued)

Changes in endowment net assets are as follows for the years ended June 30, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2021	\$ -	\$ 4,200,522	\$ 4,200,522
Investment loss	-	(565,904)	(565,904)
Endowment net assets, June 30, 2022	-	3,634,618	3,634,618
Investment income	-	398,570	398,570
Endowment net assets, June 30, 2023	\$ -	\$ 4,033,188	\$ 4,033,188

13. Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 26, 2023, which is the date the consolidated financial statements were available to be issued.



RSM US LLP

## **Independent Auditor's Report on the Supplementary Information**

Board of Directors  
Foundation Fighting Blindness, Inc.

We have audited the consolidated financial statements of Foundation Fighting Blindness, Inc. as of and for the years ended June 30, 2023 and 2022, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. See pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position and results of activities of the individual entities, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*RSM US LLP*

Baltimore, Maryland  
October 26, 2023

## **SUPPLEMENTARY INFORMATION**

## Foundation Fighting Blindness, Inc. and Affiliates

### Consolidating Statement of Financial Position

June 30, 2023

	FFB			RD Fund	Eliminating	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 5,164,952	\$ -	\$ 5,164,952	\$ 313,572	\$ -	\$ 5,478,524	\$ -	\$ 5,478,524
Investments	40,678,866	55,547,127	96,225,993	37,780,078	-	78,458,944	55,547,127	134,006,071
Notes receivable	-	-	-	1,965,012	-	1,965,012	-	1,965,012
Pledges receivable, net	1,005,105	18,458,624	19,463,729	-	-	1,005,105	18,458,624	19,463,729
Prepaid expenses and other assets	1,332,964	21,057	1,354,021	7,244,405	(7,238,206)	1,339,163	21,057	1,360,220
Beneficial interests in remainder trusts	-	7,180,648	7,180,648	-	-	-	7,180,648	7,180,648
Charitable gift annuity investments and reserves	831,012	-	831,012	-	-	831,012	-	831,012
Property, plant and equipment, net	671,000	-	671,000	-	-	671,000	-	671,000
<b>Total assets</b>	<b>\$ 49,683,899</b>	<b>\$ 81,207,456</b>	<b>\$ 130,891,355</b>	<b>\$ 47,303,067</b>	<b>\$ (7,238,206)</b>	<b>\$ 89,748,760</b>	<b>\$ 81,207,456</b>	<b>\$ 170,956,216</b>
<b>Liabilities and Net Assets</b>								
Liabilities:								
Accounts payable and accrued expenses	\$ 9,226,334	\$ 6,397	\$ 9,232,731	\$ 65,457	\$ (7,238,206)	2,053,585	\$ 6,397	\$ 2,059,982
Grants payable	20,414,511	-	20,414,511	-	-	20,414,511	-	20,414,511
Deferred revenue	442,676	-	442,676	-	-	442,676	-	442,676
Charitable gift annuity obligation	580,618	-	580,618	-	-	580,618	-	580,618
<b>Total liabilities</b>	<b>30,664,139</b>	<b>6,397</b>	<b>30,670,536</b>	<b>65,457</b>	<b>(7,238,206)</b>	<b>23,491,390</b>	<b>6,397</b>	<b>23,497,787</b>
Net assets:								
Net assets without donor restrictions:								
Internally designated for reserves	7,996,000	-	7,996,000	-	-	7,996,000	-	7,996,000
Internally designated for research	6,706,008	-	6,706,008	47,237,610	-	53,943,618	-	53,943,618
Internally designated for RD Fund	3,646,752	-	3,646,752	-	-	3,646,752	-	3,646,752
Represented by fixed assets	671,000	-	671,000	-	-	671,000	-	671,000
<b>Total net assets without donor restrictions</b>	<b>19,019,760</b>	<b>-</b>	<b>19,019,760</b>	<b>47,237,610</b>	<b>-</b>	<b>66,257,370</b>	<b>-</b>	<b>66,257,370</b>
Net assets with donor restrictions	-	60,011,034	60,011,034	-	-	-	60,011,034	60,011,034
Net assets with donor restrictions - RD fund	-	17,156,837	17,156,837	-	-	-	17,156,837	17,156,837
Net assets with donor restrictions - endowments	-	4,033,188	4,033,188	-	-	-	4,033,188	4,033,188
<b>Total net assets with donor restrictions</b>	<b>-</b>	<b>81,201,059</b>	<b>81,201,059</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,201,059</b>	<b>81,201,059</b>
<b>Total net assets</b>	<b>19,019,760</b>	<b>81,201,059</b>	<b>100,220,819</b>	<b>47,237,610</b>	<b>-</b>	<b>66,257,370</b>	<b>81,201,059</b>	<b>147,458,429</b>
<b>Total liabilities and net assets</b>	<b>\$ 49,683,899</b>	<b>\$ 81,207,456</b>	<b>\$ 130,891,355</b>	<b>\$ 47,303,067</b>	<b>\$ (7,238,206)</b>	<b>\$ 89,748,760</b>	<b>\$ 81,207,456</b>	<b>\$ 170,956,216</b>

Foundation Fighting Blindness, Inc. and Affiliates

Consolidating Statement of Activities  
Year Ended June 30, 2023

	FFB			RD Fund	Opus Genetics	Eliminating	Consolidated		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:									
Public support:									
Contributions from individuals, corporations and foundations	\$ 6,458,147	\$ 13,607,181	\$ 20,065,328	\$ 14,920,274	\$ -	\$ (15,320,274)	\$ 6,058,147	\$ 13,607,181	\$ 19,665,328
Special event revenue	604,856	-	604,856	-	-	-	604,856	-	604,856
Special event contributed goods and services	314,406	-	314,406	-	-	-	314,406	-	314,406
Special event contributions	6,447,122	195,961	6,643,083	-	-	-	6,447,122	195,961	6,643,083
Less special event direct benefit costs	(1,280,840)	-	(1,280,840)	-	-	-	(1,280,840)	-	(1,280,840)
<b>Special events, net</b>	<b>6,085,544</b>	<b>195,961</b>	<b>6,281,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,085,544</b>	<b>195,961</b>	<b>6,281,505</b>
Planned giving	1,133,921	439,568	1,573,489	-	-	-	1,133,921	439,568	1,573,489
Allocated by federated fundraising organizations	148,342	1,824	150,166	-	-	-	148,342	1,824	150,166
Contributed goods and services	57,314	-	57,314	-	-	-	57,314	-	57,314
<b>Total public support</b>	<b>13,883,268</b>	<b>14,244,534</b>	<b>28,127,802</b>	<b>14,920,274</b>	<b>-</b>	<b>(15,320,274)</b>	<b>13,483,268</b>	<b>14,244,534</b>	<b>27,727,802</b>
Other revenue (loss):									
Program service fees	62,130	-	62,130	-	-	-	62,130	-	62,130
Investment income (loss), net	636,605	398,570	1,035,175	(11,952,427)	78,345	-	(11,237,477)	398,570	(10,838,907)
Contract revenue	395,548	-	395,548	-	-	-	395,548	-	395,548
Research patent revenue	63,569	-	63,569	-	-	-	63,569	-	63,569
Other income	29,953	-	29,953	-	-	-	29,953	-	29,953
Employee retention tax credit	469,439	-	469,439	-	-	-	469,439	-	469,439
Gain on deconsolidation of Opus Genetics	-	-	-	-	-	8,076,659	8,076,659	-	8,076,659
Net assets released from restrictions:									
Satisfaction of time and program restrictions	27,442,245	(27,442,245)	-	-	-	-	27,442,245	(27,442,245)	-
<b>Total revenue and support</b>	<b>42,982,757</b>	<b>(12,799,141)</b>	<b>30,183,616</b>	<b>2,967,847</b>	<b>78,345</b>	<b>(7,243,615)</b>	<b>38,785,334</b>	<b>(12,799,141)</b>	<b>25,986,193</b>
Expenses:									
Program services:									
Research	38,886,893	-	38,886,893	663,818	8,491,070	(15,320,274)	32,721,507	-	32,721,507
Public health education	2,782,317	-	2,782,317	-	-	-	2,782,317	-	2,782,317
<b>Total program services</b>	<b>41,669,210</b>	<b>-</b>	<b>41,669,210</b>	<b>663,818</b>	<b>8,491,070</b>	<b>(15,320,274)</b>	<b>35,503,824</b>	<b>-</b>	<b>35,503,824</b>
Supporting services:									
Management and general	2,729,197	-	2,729,197	-	182,370	-	2,911,567	-	2,911,567
Fundraising	7,026,717	-	7,026,717	-	-	-	7,026,717	-	7,026,717
<b>Total supporting services</b>	<b>9,755,914</b>	<b>-</b>	<b>9,755,914</b>	<b>-</b>	<b>182,370</b>	<b>-</b>	<b>9,938,284</b>	<b>-</b>	<b>9,938,284</b>
<b>Total expenses</b>	<b>51,425,124</b>	<b>-</b>	<b>51,425,124</b>	<b>663,818</b>	<b>8,673,440</b>	<b>(15,320,274)</b>	<b>45,442,108</b>	<b>-</b>	<b>45,442,108</b>
<b>Change in net assets</b>	<b>\$ (8,442,367)</b>	<b>\$ (12,799,141)</b>	<b>\$ (21,241,508)</b>	<b>\$ 2,304,029</b>	<b>\$ (8,595,095)</b>	<b>\$ 8,076,659</b>	<b>\$ (6,656,774)</b>	<b>\$ (12,799,141)</b>	<b>\$ (19,455,915)</b>